

CITY OF LYNNWOOD
Snohomish County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. Controls Over The Recreation Center Cash Receipts Should Be Strengthened

During our audit of cash receipts at the park department's recreation center, we observed the following weaknesses:

- a. Receipts are not always given out to paying customers. The register at the swim counter is unable to produce a receipt for the customer.
- b. The cash drawer at the swim register counter is always left unlocked. The key to the drawer has been missing for quite some time.
- c. Accountability for daily cash receipts has not been assigned to any individuals. Receipts are collected by any available personnel, usually about three people all working out of the one cash register drawer. There are also times during the day when an individual is working alone.
- d. Only one person is present when the daily cash receipts are balanced out at the end of the day. This person will reconcile the cash to the cash register tape and then prepare the deposit slip for the bank.
- e. The day's receipts often sit over night in the recreation center's safe. Five people have access to this safe. Also the control keys for the register are kept in an unlocked desk drawer which is easily accessible.
- f. Refunds and voids do not contain an explanation as to why they are given, who gave them, and who approved them.

These weaknesses decrease the accountability over the cash receipting system. During 1993, approximately \$889,511 was collected at the city's recreation center. In addition, it could allow errors and/or inconsistencies to occur without being detected in a timely manner.

We recommend the city officials implement the following:

- a. A receipt should be given out to each paying customer.
- b. The cash drawer should always remain locked when someone is not present at the counter.
- c. Accountability for daily cash receipts should be specifically assigned. This could be done by assigning each person their own cash drawer.

- d. Two people should be present when the cash drawers are balanced out at the end of the day. Both people should reconcile the cash to the cash register tape and then prepare the deposit slip for the bank. This should be evident by both people signing the reconciliation report.
- e. The recreation receipts should be deposited at the end of each day to minimize the amount of cash which sits over night in the recreation center's safe. Access to the control keys and the vault should be limited to the two people who prepare the deposit and a supervisor.
- f. Refunds and voids should always contain an explanation as to why they are given. They should also be signed by the employee who gave the refund or made the void, the customer (if possible), and then approved by a supervisor.

2. Controls Over The Municipal Golf Course Cash Receipts Should Be Strengthened

During our audit of the department of recreation's cash receipts at the municipal golf course we observed the following weaknesses:

- a. Only one person is present when the cash drawer is balanced out at the end of the day. This person will reconcile the cash to the cash register tape and then prepare the deposit slip for the bank.
- b. Mode of payment from the cash register tape totals (cash, checks, Visa) often does not agree with the contents of the cash drawer. In these instances, the cash register tape will be manually changed to agree with the cash drawer amount on the reconciliation report. There is no explanation given for these changes.
- c. Deposits to the bank are not being made on a daily basis. Also, the bundles of receipts, cash register tapes, and cash reconciliation reports are not being sent to the central treasurer at city hall in a timely manner. The validated deposit slips from the bank are often misfiled with other receipt bundles or they are missing.
- d. Refunds and voids often do not contain an explanation as to why they are given, who gave them, and who approved them.
- e. The cash register has the capacity to make a copy of a receipt with the push of a button. This could possibly be used to make a receipt without entering an accountable transaction.

These weaknesses decrease the accountability over the cash receipting system. During 1993, approximately \$936,741 was collected at the municipal golf course. In addition it could allow errors and/or inconsistencies to occur without being detected in a timely manner.

We recommend that city officials implement the following:

- a. The cash drawer should be balanced out during the day when two employees are available. Both people should reconcile the cash to the cash register total and then prepare the deposit slip for the bank. This should be evident by both people signing the reconciliation report.
- b. Mode of payment should always agree between the cash register totals and the reconciliation report for the cash drawer. In the rare instance that they do not agree, a written explanation as to why they do not agree should be attached to the cash register tape. The explanation should be signed by the employee and the approving supervisor.
- c. Deposits to the bank should be done on a daily basis. Also the bundles of receipts, cash register tapes, and cash reconciliation reports should be sent to the central treasurer on a daily basis. The bank validated deposit slip should be filed with the related receipts.
- d. Refunds and voids should always contain an explanation as to why they are given. They should also be signed by the employee who gave the refund or made the void, the customer (if possible), and then approved by a supervisor.
- e. The function of the receipt copy button on the register should be eliminated.